

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 2114 – SB 2259

April 10, 2018

**SUMMARY OF ORIGINAL BILL:** Enacts the Complete College Tennessee Act. Restructures the financial aid requirements of the Tennessee Promise and HOPE scholarships by requiring the recipient to complete 30 semester hours in three consecutive semesters in order to receive the maximum scholarship award.

Requires the Tennessee Board of Regents (TBR) to manage the state community colleges and colleges of applied technology, which will be collectively known as the “College System of Tennessee.” Requires community colleges and technical schools to implement structured schedules based on the degree program of incoming full-time students no later than July 1, 2019.

Requires the Chancellor of TBR to submit a report to the Tennessee Higher Education Commission (THEC) and the Education Committees of the General Assembly outlining the completed implementation of structured scheduling at each of the community colleges and Tennessee Colleges of Applied Technology (TCAT) campuses no later than July 1, 2020

FISCAL IMPACT OF ORIGINAL BILL:

Decrease State Expenditures –

\$3,968,000/FY19-20/Lottery for Education Account

Exceeds \$3,968,000/FY20-21 and Subsequent Years/

Lottery for Education Account

**SUMMARY OF AMENDMENT (017063):** Deletes all language after the caption such that the substantive changes are as follows: (1) clarifies that students with a documented disability whose programs of study requires fewer than 30 semester hours in a three-consecutive-semester period, to be exempt from meeting the 30-semester hour requirement in order to receive the maximum award for the Tennessee Promise and Hope scholarship; (2) authorizes a student who is unable to complete 30 semester hours in a three-consecutive-semester period due to academic or other extenuating circumstances may appeal the reduction of an award; (3) requires THEC to make an annual public announcement to identify, for each eligible two-year postsecondary institution and each eligible four-year postsecondary institution, the percentage of Tennessee Promise scholarship students enrolled at the institution who are on-track to earn an associate degree within five semesters if the institution is on a semester system, or its equivalent, if the institution is on a system other than a semester system using a tier classification schedule; (4) requires THEC to make an annual public announcement to identify, for each eligible postsecondary institution, the percentage of Tennessee HOPE scholarship students enrolled at the institution who are on-track to earn a baccalaureate degree within eight full-time equivalent

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semesters using a tier classification schedule; and (5) establishes any credit hours completed by a Tennessee Promise or HOPE scholarship student that exceeds 30 credit hours in a three-consecutive-semester period may be used to satisfy the 30 hour requirement in a subsequent three-consecutive-semester period.

## **FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

### **Unchanged from the original fiscal note.**

Assumptions for the bill as amended:

- The proposed legislation will require Tennessee Promise and HOPE scholarship recipients to complete 30 semester hours in three consecutive semester periods. Failure to complete 30 semester hours will result in a reduction of the Tennessee Promise or HOPE scholarship by \$250 per semester.
- There will be no fiscal impact in FY18-19 as a result of the proposed legislation being phased in and entering freshman will be working towards completing 30 hours to maintain their full scholarship award amount in FY19-20.
- Based on the information provided by the Tennessee Student Assistance Corporation (TSAC), there will be an estimated 7,936 Tennessee Promise and HOPE recipients who will not complete the proposed 30 semester hour requirement and will lose \$500 of their award in FY19-20.
- The decrease in state expenditures from the Lottery for Education Account in FY19-20 is estimated to be \$3,968,000 (7,936 award recipients x \$500 award reduction).
- As these changes are fully phased in, the number of award reductions will increase.
- The decrease in state expenditures from the Lottery for Education Account is estimated to exceed \$3,968,000 in FY20-21 and subsequent years.
- Pursuant to Section 8 of the original proposed legislation, a student with a documented disability is required to be exempt from the 30-hour completion requirement to receive the maximum award for the Tennessee Promise and HOPE scholarship.
- Based on the information provided by TBR, TBR currently manages the community college system. Therefore, policies under the provisions of the proposed legislation will be adopted and performed during TBR's normal course of business. Any fiscal impact to TBR or its operations is estimated to be not significant.
- Clarifying that students with a documented disability whose programs of study require fewer than 30 semester hours in a three-consecutive-semester period, to be exempt from meeting the 30-semester hour requirement, to receive the maximum award for the Tennessee Promise and Hope scholarship, is estimated to be not significant.
- Any fiscal impact as a result of authorizing a student who is unable to complete 30 semester hours in a three-consecutive-semester period due to academic or other extenuating circumstances to appeal the reduction of an award is estimated to be not significant.

- Any fiscal impact as a result of requiring THEC to make an annual public announcement is estimated to be not significant.
- Any fiscal impact as a result of establishing that any credit hours completed by a Tennessee Promise or HOPE scholarship student that exceeds 30 credit hours in a three-consecutive-semester period may be used to satisfy the 30 hour requirement in a subsequent three-consecutive-semester period is estimated to be not significant.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee" followed by the letters "RNC" in a smaller, less legible script.

Krista M. Lee, Executive Director

/rbp